

RETIREMENT DEDUCTIONS REFUNDS FACT SHEET

20 Apr 05

If you aren't eligible for a retirement annuity at the time you separate from Federal employment, you may apply for a refund of your retirement contributions **or** you may elect to leave the contributions in the retirement fund until you are eligible for a deferred retirement. If you are thinking about withdrawing your retirement contributions, please read this fact sheet. The information will assist you in making a decision.

Eligibility Requirements

In order to receive a refund you must meet **all** the following criteria:

- Be separated from the Federal government for at least 31 consecutive days **or** be transferred to a position not subject to CSRS or FERS retirement deductions for at least 31 consecutive days;
- Not be reemployed in a position subject to CSRS or FERS retirement deductions at the time you file your application for refund;
- Be ineligible to receive an immediate annuity within 31 days of separation;
- Not be prohibited from receiving a refund due to a court order; **and**
- Notify your current and/or former spouse(s) of the refund request, if applicable.

Refunds May Be An Advantage

- If you have less than 5 years of creditable civilian service and you do not intend to return to Federal employment (you must have at least 5 years of creditable service to receive an annuity); **or**
- If you have 5 or more years of creditable civilian service, you do not intend to return to Federal employment, and you believe you can invest the funds so that the final value of such investments exceeds the value of the deferred annuity. (This will take some speculation on your part.) Remember, when you apply for a deferred annuity, you can provide a survivor annuity for your spouse. (CSRS and FERS employees may apply for a deferred annuity at age 62 with 5 or more years of creditable service. FERS employees also have the option of applying for deferred retirement when they reach their Minimum Retirement Age (MRA) if they have at least 10 years creditable service.)

Caution: Obtaining a refund of FERS contributions permanently voids entitlement to a future annuity for the entire period of service covered by the refund. Refunds of FERS deductions cannot be re-deposited.

Refunds May Be A Disadvantage

- If you have at least 5 years of creditable civilian service and your deferred retirement annuity may exceed the value of the lump-sum refund. It is recommended that when considering taking a refund, you first evaluate the potential value of the deferred retirement annuity in comparison to the principle and investment potential of the refund deductions.
- If you are reemployed by the Federal government and wish to receive credit for the refunded service, you may find that regaining the credit is difficult. For CSRS, a redeposit plus interest will be required. The cost of the redeposit equals the amount of the refund received plus interest. Under FERS rules, a refund of retirement deductions made while working under the FERS system permanently erases or voids this period of service from your retirement record, and the refund may not be re-deposited.
- A refund of all deductions voids any retirement options, including survivor benefits, until the refund is re-deposited (only for CSRS).
- In the event of your death before you are eligible for deferred retirement, all money in the fund will be payable to your designated beneficiary (or in accordance with the order of precedence) as a lump sum benefit. The lump sum credit continues to accrue interest at the market interest rate if a refund is not taken.

- **For FERS employees only -- If you receive a refund, you irrevocably lose all future credit for the refunded service. You can never again receive credit for the service you performed as a FERS employee and for which you take a refund of retirement deductions. (Exception: If you had a CSRS component at the time you separated, those contributions were included in the refund. The period of service included in the CSRS component is the only service for which you may pay a redeposit upon return to employment in order to make the service creditable.)**

Reached A Decision?

If you decide to apply for a refund of your retirement contributions, you must complete the appropriate refund application (click the link to obtain the form):

If CSRS at the time of separation, complete [SF 2802, Application for Refund of Retirement Contributions \(CSRS\)](#).

If FERS at the time of separation, complete [SF 3106, Application for Refund of Retirement Contributions \(FERS\)](#)

If you have been separated from employment 30 days or less, mail your application for refund to your servicing personnel office who will complete the agency portion and forward your application to the Office of Personnel Management (OPM). A copy of the completed information will be returned to you for your records.

If you have been separated from employment more than 30 days, mail your application for refund directly to OPM at appropriate OPM address listed below:

For **FERS** employees:

Office of Personnel Management
Civil Service Retirement System (CSRS)
Retirement Operations Center
P. O. Box 45
Boyers PA 16017-0045

For **CSRS** employees:

Office of Personnel Management
Civil Service Retirement System (CSRS)
Retirement Operations Center
Attn: Refunds
Boyers PA 16107-0001